

MEMORANDUM

Date: 4/13/94

TO: SAC, PORTLAND

FROM: SA [REDACTED]

SUBJECT: Authorization to Open and Assign
Below-Listed Case

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OPEN A CASE

CLASS: 198

ALPHA: B

CASE SQUAD: Engel/Sale oo: PD

ASSIGNED TO: SA [REDACTED]

STATUS: P

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TITLE: UNSUB;

THE CONFEDERATED TRIBES OF THE GRANDE RONDE
COMMUNITY OF OREGON - VICTIM;
CIR- EMBEZZLEMENT OR THEFT OF INDIAN PROPERTY
(OO: PORTLAND)

CASE TYPE: -

(C)ONTROL / (D)ECLINATION / (R)ECORD CHECK / (Z)ERO
(BLANK IF INVESTIGATIVE)
OR ADMINISTRATIVE

Indexing:
Victim:

NAME: THE CONFEDERATED TRIBES OF THE GRANDE RONDE
COMMUNITY OF OREGON

Address: 9615 Grande Ronde Road,
Grande Ronde, OR



AK-100-11

198B-PD-38129-1

SEARCHED	INDEXED
SERIALIZED	FILED
APR 1 1994	
[REDACTED]	

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Memorandum



To : SAC, PORTLAND (198B-PD-38129) (C)

Date 11/27/94

From : SA [REDACTED]

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Subject: UNSUB;
THE CONFEDERATED TRIBES OF THE GRANDE RONDE COMMUNITY
OF OREGON - VICTIM;
CIR - EMBEZZLEMENT OR THEFT OF INDIAN PROPERTY
(OO: Portland)

The purpose of this memorandum is to summarize complaints presented to the Portland Division by certain members of the Confederated Tribes of the Grande Ronde Community of Oregon pertaining to the management of their tribal government and the use of tribal resources. Based on the absence of evidence presented by complainants to date disclosing a violation of Title 18, U.S.C., Section 1163 (entitled, "Embezzlement and theft from Indian tribal organizations"), as well as concrete evidence of fraudulent activity implicating some other Federal statute, writer recommends that this matter be closed.

BACKGROUND

This matter was predicated upon receipt of information at the Salem Resident Agency, particularly during meetings between writer and complainants on 2/22 and 4/22/94, alleging that certain members of the tribal leadership, including [REDACTED]

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and [REDACTED] have wrongfully appropriated tribal resources for the personal benefit of themselves and/or their families. The complaints were initially presented during the 2/22/94 meeting, which meeting was attended by SSRA [REDACTED]. The following individuals, who identified themselves as either members of the Grande Ronde Tribe or members of that "community", attended the meeting: [REDACTED]

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[REDACTED] This group explained that [REDACTED] telephone number [REDACTED] [REDACTED] whose telephonic contact with writer prompted the meeting, was unable to attend. [REDACTED] advised that any follow-up contact by the FBI with complainants could be done through [REDACTED] at telephone number [REDACTED]

1 - Portland (198B-PD-38129)

(1)

*Close # 4
11/28/94*

198B-PD-38129-22

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

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During the 2/22/94 meeting, complainants produced a written summary of their grievances, which has been placed in an FD-340. The following general areas of concern were discussed during that meeting:

1) Complainants were concerned that [redacted]

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[redacted]
Complainants explained generally that there are a limited number of persons eligible to bid for timber salvage contracts and that [redacted] constitutes an inordinately high percentage for any one member.

2) Complainants were generally concerned regarding the purchase and sale of real property by the tribal council. Complainants were only able to reference one purchase of a plot of land in the Grande Ronde area for which [redacted]

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[redacted] Complainants were concerned that [redacted] did not precisely follow all tribal rules and regulations regarding this purchase, although they were unable to articulate the specific rules violated.

3) Complainants generally alleged that [redacted]

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[redacted] (first name unknown), as well [redacted] are users of cocaine. None of the complainants has observed either of these men using drugs, but rather they are concerned that each has made comments reflecting their general interest in doing so.

4) Complainants are concerned about a \$150,000 contract that was awarded for foundation and paving work for construction of a tribal casino. The contract was awarded to an individual named [redacted]. Complainants believe that the rules and regulations regarding a competitive bidding process were ignored and that [redacted] was awarded the contract without other contracts having been submitted.

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5) Complainants were concerned that tribal funds were inappropriately spent for training for tribal employees, particularly monies spent on the "Inside-out" training program conducted by a branch of Chemeketa Community College, Salem, Oregon, where [redacted]. Complainants were concerned that the expenditure for this training constituted all training monies of the tribe for that year. Complainants advised that this training, which reportedly lasted two and one half days, cost the tribe \$140,000.

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6) Complainants believe that the method by which the tribe requires that absentee ballots be notarized is violative of

the Indian Civil Rights Act of 1968. Complainants explained that out-of-state voting members of the tribe are required to have signature cards notarized and that members who do not vote by absentee ballot are not similarly notarized.

With regard to each of the aforementioned concerns, complainants were generally unable to specify the precise laws they believe are being violated or to provide much, if any, factual information to support their claims. Complainants appeared to be concerned about the general mismanagement of tribal affairs in contrast to any identifiable criminal activity.

Complainants' written summary of their grievances consists of various questions propounded by complainants to the tribal council, with the council's responses thereto, flow-charts diagraming the Tribe's organizational structure, letters from aggrieved members of the Tribe, etc.

On 4/13/94, after review of the written summary, writer telephonically contacted Assistant U.S. Attorney (AUSA) [redacted] [redacted] Portland, Oregon, and in very general terms discussed with him the already general complaints outlined above. [redacted] advised that one potentially applicable statute is Title 18, U.S.C., Section 1163. [redacted] added that instances of theft and/or embezzlement, if proven, might also be charged under general fraud statutes. Because of the generalized nature of the complaints, [redacted] did not render any type of prosecutive decision and the matter was not formerly presented to him. The issues generally discussed with [redacted] included: potential voting rights violations in connection with the notarizations of signature cards, the reported lack of competitive bidding with respect to the award of timber contracts and paving for the casino, the purchase and sale of real property, the alleged use of cocaine by a [redacted] and the expenditure of tribal funds for training funds for training purposes.

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On 4/22/94, writer met again with complainants to obtain additional factual support for the complaints. Attending the meeting were: [redacted]

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[redacted] Writer advised the complainants that the Portland Division had reviewed their summary of grievances, and generally advised of writer's contact with AUSA [redacted] Writer reiterated that the FBI was concerned with evidence of criminal wrongdoing and not the innocent, albeit possibly negligent, mismanagement of the Tribe. The following issues were discussed:

1) CASINO PAVING CONTRACT: Complainants alleged that competitive bidding processes were not adhered to for the installation of a rock base for the foundation of a proposed

gaming facility, which base cost approximately \$150,000. Complainants allege that the contract was improperly let to

[redacted]
[redacted] Oregon, telephone number [redacted]
([redacted] bid appears at page 603 of complainants' written summary) and that the contract was a sweetheart deal between [redacted]. Complainants were unable to offer any specific, concrete information to suggest that the award of this contract was the result of fraud or other criminal activity. In particular, complainants were unaware of any evidence suggesting that a kick-back had been paid, that [redacted] is in some manner officially or unofficially associated with the Tribe, or that [redacted] have extensive personal or professional contacts unrelated to this particularly contract. Complainants could only offer that [redacted]

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[redacted]
[redacted] Finally, complainants do not believe that [redacted] possessed all necessary construction equipment when the contract was awarded to him, although they conceded that this, in and of itself, is not indicative of fraud.

In the official response provided by the Tribe to complainants (page 5 of complainant's summary), the Tribe advised that neither [redacted] were involved in the bidding process, and that [redacted] was the only one of four contractors who responded to bid requests. The Tribe indicated that it was unable to advertise the contract generally because of time constraints occasioned by weather, which constraints the Tribe explained in some detail.

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In short, writer was unable to obtain any specific information to suggest that some sort of fraud had occurred in connection with the rock base, particularly that any Tribal official personally benefitted by the award of the contract to [redacted].

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2) TIMBER SALVAGE CONTRACTS: Again, complainants reported that [redacted] for the salvage of timber on tribal properties (up to \$20,000 per contract) were awarded to [redacted]. Complainants advised, however, that the awarding of such contracts is accomplished by consulting a rotating list of tribal members who have expressed an interest in being placed on the list. Complainants indicated that they are not suggesting that persons on the list were ignored or skipped - to their knowledge the list's rotation was strictly adhered to - but

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instead that certain persons on the list not well-connected to the tribal hierarchy may not have received adequate information with regard to the value of a particular contract with which to make an informed judgment. Complainants speculated that perhaps [redacted] wound up with lucrative contracts because members consulted from the list before him declined the contracts based on lack of information from the Tribe. However, complainants acknowledged that this was pure surmise, as well as that they had no information whatever to suggest that [redacted] was able to earn windfall profits from the contracts he did accept.

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Further, complainants could offer no evidence that [redacted] [redacted] was somehow involved in the bidding process.

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3) CUTTING PERMITS: During the 2/22/94, meeting, complainants had expressed limited concern that permits to cut firewood were unduly restrictive and perhaps awarded unfairly by the Tribe. On 4/22/94, complainants indicated that such permits had "opened up" and that this was no longer an area of concern.

4) SALE OF REAL PROPERTY: Complainants were aware of one instance where the Tribe was involved in a questionable purchase and sale of real property, namely the Tribe's purchase of a house [redacted] in the amount of "approximately \$60,000" (not the \$85,000 cited by complainants during the first meeting). Complainants believe that the house was actually worth roughly \$40,000, although they admitted that they were unaware of any appraisal of the property. Again, complainants could offer no information to suggest that the property had been fraudulently conveyed, including that any Tribal member was unjustly benefitted by the transaction. Complainants were more concerned with the appearance of a potential conflict of interest.

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5) EXPENDITURE OF TRAINING MONIES: Complainants were concerned that Tribal funds had been spent for professional training given to Tribal employees primarily because that training was, in part, provided by a company, "Northwest Institute", a consulting firm associated with the Chemeketa Community College which [redacted]

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[redacted] The controversy behind this training is set forth in the written summary (pages 501-502). Complainants ultimately conceded to writer that: they are aware of no specific information of criminal activity with regard to the training, that the Tribe never made an effort to hide [redacted] [redacted] affiliation with the "Northwest Institute", and that they do not believe that any training funds, which they think emanated from the BIA, were used for purposes other than those they were earmarked for.

The official response of the Tribe on this issue (summary at page 501) indicates that the contract in question, called "Inside-out" training, was provided to 90 Tribal employees for 10 days, and that [] was never involved with that training. The Tribe further responded that the Tribal Council had been made aware of [] employment by the Northwest Institute in connection with other training and that the Tribe did not feel that there was a conflict of interest.

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6) ALLEGED DRUG USE BY [] Other than commenting on rumors in the community, none of which included specific observations by specific persons, complainants could offer no information whatever regarding the alleged use of cocaine by [] or any member of the Tribe.

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After discussing the above issues, complainants conceded that they are generally concerned with perceptions of Tribal mismanagement in contrast to identifiable instances of criminal activity. Writer explained that, although the FBI is charged with investigating a number of statutes pertaining to fraudulent activity or political corruption, it is not authorized to conduct audits of mismanaged municipalities or tribal governments, nor to weed out simple malfeasance in local governments. Complainants agreed that their complaints seem to involve, if anything, such malfeasance and not criminal conduct. Nonetheless, complainants advised that they intended to attempt to gather specific evidence of any criminal conduct that may exist in connection with the aforementioned issues and to report same to writer.

RECOMMENDATION

Writer has not heard back from any of the above-listed complainants. Based on his initial contacts with complainants, writer does not believe that the FBI is in possession of information warranting further inquiry of the complaints set forth above. Writer further believes that complainants have been afforded sufficient time within which to gather any additional information they believe is pertinent and to report same to writer. Accordingly, it is recommended that this matter be closed.